

**MINUTES OF THE REGULAR MEETING OF THE
WASHINGTON STATE TRANSPORTATION COMMISSION
January 13 & 14, 2009**

The regular meeting of the Washington State Transportation Commission was called to order at 9 A.M., on January 13, 2009, in Room 1D2 of the Transportation Building in Olympia, Washington.

Commissioners present at the meeting were: Chair O'Neal, Bob Distler, Dick Ford, Elmira Forner, Latisha Hill, Carol Moser and Philip Parker

MINUTES APPROVAL

It was moved by Commissioner Ford and seconded by Commissioner Forner to adopt the minutes of the October 21 & 22, 2008 meeting. The motion passed unanimously.

OVERVIEW OF VEHICLE INFRASTRUCTURE INTEGRATION (VII) 5.9 GHZ PROGRAM AND TOLLING IMPLICATIONS

Timothy McGuckin, Executive Director, OmniAir Consortium, Inc. shared that OminAir is a trade association and federal contractor for U.S. Department of Transportation in Vehicle Infrastructure Integration (VII). He explained that VII helps vehicles talk to each other and devices on the roadway to improve safety and mobility using a 5.9 GHz Dedicated Short Range Communication (DSRC) system technology. This technology is standardized and is publicly managed so that all vendors can utilize it. Data that is collected can be used for various data applications, such as a traffic management center. In the future it will be possible to transmit data to several devices, such as cell phones or PDA's. OmniAir's role is to advance DSRC systems through certifying them, so that vendor's products must pass a standard compliance test indicating that the system is interoperable. An added benefit is that the devices are publicly available, have managed standards and there is open procurement among vendors. OmniAir is a non-profit organization with an even split of private and public directors and key stakeholders that either operate, integrate or consult in the development of DSRC systems.

The basic architecture provides vehicle-to-vehicle communication that delivers increased safety through collision avoidance and accident prevention. It also provides traffic management through applications that include signal optimization and in-vehicle signage. There are also commercial benefits through payment applications related to tolling, parking and mobility. The VII community is large and involves a series of industry players, while the government supports it through multiple funding sources, while tolling funds infrastructure deployment. As roadside and in-vehicle infrastructure is deployed, full functionality of safety, navigation and other location based services is achieved. As more transactions become cashless the greater the need for DSRC in order to interoperate system supporting open procurement, multiple users and complex system interfaces. In conclusion 5.9GHz DSRC delivers superior technical performance and enables open procurement in a competitive market. He noted that in 2009 federal reauthorization starts and we are supposed to take an intelligent look at how funds will be spent on highways and bridges for the next 6 years. He fears that because a ton of money will be allocated to states' that all strategic planning for transportation will go out the window, because there will be so much money to spend on shovel ready projects. The goal of ITS America is to advance this technology and

OmniAir is going to try to inform the Obama administration that it should invest in intelligent infrastructure that pays for its self in the future, rather than short-term stimulus spending.

Chair O’Neal responded that Mr. McGuckin’s fear is probably not justified. Granted maintenance and preservation are way behind in the United States, but people know that it’s smart to use intelligent technology. He questioned if it would be possible for WSDOT to test the technology if it lobbied the U.S. DOT.

Mr. McGuckin responded “yes” he thinks that it might be possible.

Commissioner Ford expressed that he thinks the 520 Bridge might be a good candidate for this technology.

OVERVIEW OF FOSS MARITIME COMPANY HYBRID TUG BOAT

Susan Hayman, Vice President, Environmental and Corporate Development, Foss Maritime Company, shared that Foss has been operating in the Seattle/Tacoma area since 1889. Foss is headquartered in Seattle and has about 70 tugs and 71 barges that operate primarily on the U.S. West Coast with some going overseas. She explained that environmental stewardship is a core value of Foss, which has been evident by its voluntary switch to burn ultra low sulfur diesel. Foss is also the first company to be accepted into the USEPA Smartway Transport Program for its marine operations. This drive for innovation, together with a desire to improve vessel emissions, has led to the development and construction of the hybrid tug. Tugs are required to have high thrust levels very quickly, but unfortunately most of the time they are operating in a really low and inefficient power range. Hybrid technology was looked at as a way to address this problem. This solution has accomplished a lot by optimizing power sources (main engines, generators and batteries). The hybrid design optimizes fuel usage to its full benefit the longer the vessel is at low power, but when it needs full power it is as close to instantaneous as possible. The hybrid tug uses a sophisticated power management system that delivers power seamlessly. Though the first hybrid tug is a new build, other Dolphins could be retro-fitted with the new hybrid technology. Hybrid tug technology is a benefit to both local residents and companies who do business at the ports.

Chair O’Neal asked what motivated Foss to build the hybrid tug.

Ms. Hayman responded that the discussion started in 2006 and was really motivated by the desire to reduce emissions.

SECRETARY’S REPORT

Steve Reinmuth, Chief of Staff, WSDOT, opened the report with a presentation on the December 2008 winter storm.

John Himmel, Emergency Operations and Safety Program Manager, WSDOT, shared information regarding mid-December winter storm related events. There were snow and high winds, flooding and land slides that caused considerable damages to the highways and numerous accidents. WSDOT voluntarily mobilized units to assist Tacoma to Spokane County, Aberdeen to Spokane County and Snohomish County in efforts to fight unsafe highway conditions due to a severe snow storm. Although the Department is not reimbursed for these services it stepped up to plate. He shared that Wednesday, January 7-12 there were

138 events due to flooding and or mudslides. Interstate 90 and Interstate 5 were both closed due to slides and flooding as well.

Mr. Reimuth noted that there were a lot of questions about what the local flood districts have done and how WSDOT has supported that. The local community in Lewis County held discussions with the Army Corp of Engineers and WSDOT to discuss flood conditions and its impact. Last year you heard that the monetary impact to freight was \$4 million per day. After last year's event the Department's Freight Systems Division performed a study and determined that this year's estimated economic impact on Interstate 5 was \$12 million per day and \$6 million per day on Interstate 90.

Mr. Himmel moved on to show pictures of mudslides, flooding and damages on various highways around the state. The impact to the Department's maintenance budget for last year created a \$6.5 million shortfall and this year's events created a shortfall of \$2.6 million. The initial damage estimate is \$22 million to WSDOT routes and \$25 million to City/County routes. As of right now the maintenance budget for this year has a \$2.5 million shortfall. This year's numbers will change as more evaluations are conducted. Both Interstate 5 and Interstate 90 are federal aid eligible.

Mr. Reinmuth indicated that the Department is engaged in conversation with Governor Gregoire regarding this issue. In closing he briefly commented on the status of the federal economic stimulus package and how it relates to transportation infrastructure.

WASHINGTON STATE FERRIES WORK SESSION

Ray Deardorf, Planning Director, Finance, WSF, WSDOT, explained that today's presentation will be a review of the draft WSF Long-Range Plan and following that Michael Hodgins, Principal, Berk & Associates, will step through a presentation on the proposed adaptive management strategies and the potential form that WSDOT and JTC recommendations will take. The Draft Long-Range Plan was completed in December and five of the ten planned public outreach meetings have been held to date. Once all the feedback is received the final plan will be delivered to the Legislature in late January 2009. He explained that ESHB 2358 contained specific directives related to how WSF is currently providing services and how it should be planning to meet the needs of ferry communities served by marine transportation in the future. There were three key goals: 1.) maximize the use of existing capacity, 2.) apply adaptive management practice (operational strategies), and 3.) to deliver the highest quality service at the lowest possible cost. Further to these goals the draft plan provides the information to the Legislature to support the resolution of three key strategic issues: 1.) gain consensus about which strategies would form the basis of future ferry operations, 2.) how many boats do we build - what size and when and; 3.) to secure a long-term capital funding commitment to allow for effective planning and delivery of these capital facilities. The key challenge facing WSF is the lack of a dedicated capital funding stream that's adequate to meet on-going investment requirements. There are other significant challenges that have helped shape this plan: 1.) fares – the role of fares in the ferry system, 2.) asset base (physical plant is aging) and the fleet now averages 34 years old, 3.) long-lead time for capital investments, 4.) vehicle capacity limitations during the peak and 5.) growth, ridership demand, and service needs. The Commission's Ferry Survey has supplied very important information in the development of the plan. One finding is that 95 % of Puget Sound residents think that ferries are important. The second finding is that ridership is changing and there are fewer commuters relative to the overall total ridership and there are relatively more discretionary travelers today. This follows the trends in WSF's Origin

Destination Surveys over the years where there has been a slight drop in the proportion of people who are commuters.

Commissioner Forner asked if the forecast took into account that there are over 50 percent discretionary riders. Perhaps we are to optimistic in our ridership forecast!

Mr. Deardorf responded that quite a bit of work has been done on the ridership forecast to address this issue. One of the key inputs for forecasting is the 2006 Origin Destination Survey where the ridership has been captured, in terms of the split between discretionary and commuter, in the base forecast. Riders are traveling less frequently and are not riding as often as they once did and at least 20 percent of the riders indicated that they telecommuted at least once weekly.

Commissioner Ford commented that the 520 survey determined that increasingly people have choices where they don't have to commute at all when they don't want to pay the tolls, because services are now provided in their communities where they might not have been in the past.

Mr. Deardorf responded that Commissioner Ford makes a good point in that people are more flexible now and fares are not the only factor affecting the use of ferries. The Draft Long-Range Plan is also built around how WSF does business, a reservation system, transit enhancements and pricing strategies.

Commissioner Distler explained that it is true that a reservations system, by definition, will eliminate lines. But, on routes that are heavily directional and heavily peaked during rush hour how does a reservation system serve the ridership today and ridership that will grow in the future. Just because they sign in on-line and find out that the only thing available is a trip at 8 p.m., when they really want to go home at 5 p.m., how does a reservation system meet the mission of WSF aside from clearing the deck and clearing the need for additional holding space?

Mr. Deardorf responded that it would depend on how WSF sets it up. It would vary by route and time of day.

Commissioner Distler noted that the implication is that reservations alone can spread the demand to periods where there is capacity. If this is true, why wouldn't Metro get rid of a third of their buses and do the same thing.

Commissioner Ford responded that Metro does it with a peak surcharge.

Commissioner Distler explained that he does not understand why WSF or WSDOT or Berk & Associates think that a reservation system will solve the problem now and in the future. As we go forward there will be a large number of people who will not be accommodated at the time that they want to travel.

Chair O'Neal noted that this only impacts vehicles not walk-on passengers. Is the question – is the ferry system providing a service convenient to the commuter. The point is there's a waiting period in the holding lot at peak times and a reservation may eliminate that.

Commissioner Ford emphasized that some of the riders (regular commuters) have indicated that they want to be able to make reservations so they have priority loading.

Commissioner Forner emphasized that ferries is part of the highway system and therefore should not be treated differently than say SR 520 – where there's no guarantee of a spot on the highway.

Chair O'Neal asked if she doesn't like the reservation system.

Commissioner Forner responded that it would be nice if we could all have a guaranteed spot on the highway.

Commissioner Ford agreed that it is differential treatment for some people, because of where they live.

Mr. Deardorf responded that if a reservation system is not put on the ferry system and service is not improved there will be cars stacking up in communities or the need to build large terminals. A reservation system is a way to obviate that.

Commissioner Moser shared that she approves of the reservation system.

Commissioner Distler emphasized that in today's world a certain percent of the people are accommodated when they want and the rest wait in line. If the same demand exists it would be more convenient for them to wait in a virtual line than wait in an actual line, but this assumes that a reservation system will make the terminal appear less crowded, but in fact the virtual line continues to grow. It's assumed that this does not create a problem? Instead of allowing the system to expand to meet the needs a virtual line is created where you wait to board.

Mr. Deardorf responded that part of the proposal is to improve transit connections and to adopt a different fare strategy where passenger fares grow at half the rate of vehicle fares.

Commissioner Distler asked why the system has chosen not to implement peak hour pricing as a way to deal with this problem, so that most needed – is first served. Most needed being defined by the price people are willing to pay.

Mr. Deardorf responded that reservations has been recommended as a first step with some pricing strategies with differentiating the vehicle and passenger fares and transit, if indeed that doesn't do the trick then the concept of peak period pricing is still in the tool kit. It's just not part of the proposal at this time.

Mr. Hodgins emphasized that there would be a limited amount of standby space on the dock, and if that space was full then people would be turned away from the terminal, because the reservation system will be used to mitigate some of the community impacts.

Mr. Deardorf moved on to share that because economic conditions have changed during the course of the plan's development it was felt that it was necessary to take a two-way approach that acknowledged the funding constraints in the future of the ferry system. So, two distinct visions have been offered. Plan A will continue the current service levels and assumes that the state would continue in its current role as owner/operator and potentially principal funder of ferry services in the Puget Sound region. This comes with a price tag and results in an unfunded amount over the 22 year period of about \$3.5 billion. Plan B can be looked at as the opposite end of the spectrum and is the minimal service that can be provided without actually closing down any domestic routes in the system. So, Plans A and B provide the Legislature with a goal post as they go into session.

Commissioner Distler noted that he understands that the definition of Plan B has undergone a revision; initially it was going to be a means to show that the ferry system could operate within current funding constraints and only approximating inflation related fare increases, an appropriate fuel adjustment mechanism and balance its books. Today's information is the even Plan B does not have the books balanced. Why has that goal post been moved?

Mr. Deardorf responded that the goal post was moved because it was felt that to cut any further some of the domestic routes would need to be closed. WSF was unwilling to put forth any proposal that did that.

Commissioner Distler questioned how Plan B will be funded if that's the case since it's no longer balanced.

Mr. Deardorf responded he assumes that's the Commission's responsibility.

Commissioner Distler noted that he's not sure if he agrees with the Plan A goal post even though it assumes some significant change in customer behavior, and he's not certain if the reservation system meets that need, but it's okay. The Legislature needs to know that if nothing is done, and riders are expected to ride at current fares, this is what the ferry system will look like, and Plan B as described no longer does that.

Mr. Deardorf responded that's correct. To go below what has been presented as Plan B some of the domestic routes would have to be closed. WSF was unwilling to relinquish the core of maintaining some service on all the domestic routes in the system.

Commissioner Distler questioned if the public has seen Plan B as presented today, and are they still not happy.

Mr. Deardorf responded "yes" that's correct.

Commissioner Distler questioned why one of the benchmarks is not in effect a WSF go it alone plan; because Plan A has a deficit of \$3.5 billion and Plan B has a deficit of \$1.4 billion deficit over 22 years.

Mr. Deardorf explained that the common elements between Plan A and B effect significant change in not only business but, also how customers access the system. Transit has to step up to the plate and provide service. The pricing strategies that are proposed will increase the spread between passenger and vehicle fares by increasing passenger fares at half the rate of vehicles, and no additional fee will be added for reservations. There will be a penalty imposed for non-use of the reservation. Fuel conservation is being looked at to optimize consumption by strategically slowing down some vessels. For both Plans A and B the Legislative planning assumption of an average annual fare increase of 2.5 percent will be used to generate the same revenue under the proposed change in tariff structure, which would be about a 1.4 percent increase for passengers and a 2.8 percent increase for vehicles each year to make the same revenue target.

Commissioner Distler noted that for vehicles it would be a 35 cent increase and a 12 cent increase for passengers. How long will it take for this increase to cause meaningful shifts in customer demand profiles?

Mr. Hodgins responded that the spread becomes meaningful over time, but it's true that it does take awhile to get there. The intent is to implement this gradually over time in order to mitigate some of the effects, and combine that with some of the improvements in the terminals to make it more comfortable to walk-on. This combination will gradually improve the shift. Mostly what needs to be done is to get a higher mode shift on the growth component, so when the mode comes back it would lean towards walk-on if possible.

Commissioner Ford expressed that he doesn't understand where the 2.5 percent came from. It's ridiculous that fares do not grow with cost of operating expenses at the very least. What is WSF trying to accomplish with the fares. There needs to be a dialogue about this before any funding reports are sent to the Legislature.

Mr. Deardorf explained that a fuel surcharge would be added when fuel costs exceed what is determined to be base fuel costs and now is a good time to set base fuel costs.

Commissioner Hill asked what the annual deficit per year is over the 22 years.

Mr. Hodgins responded that the entire gap is on the capital side. In Plan A the operating side over the full 22 years brings us to about 87 percent fare box recovery with the balance being made up from the dedicated tax, so the operating side would be balanced. Plan B with a smaller system generates more revenue with a 95-97 percent cost recovery, so some of the dedicated taxes are freed up to help with capital problems. Not only is capital spending lower, but some of the dedicated taxes that are going to operations in Plan A can be moved over to Plan B, so that's how the gap for Plan B shrinks.

Commissioner Distler asked what happens if the state ends up doing nothing and WSF is faced with balancing the books. Is the answer a combination of further schedule reductions and higher fares? He expressed that he fears the Legislature is going to miss the magnitude of this problem.

Mr. Deardorf responded that's correct, and the system has been cut to the very core that allows the system to stay open as it is, on each of the domestic routes.

Chair O'Neal expressed that the Commission's Ferry Funding Study will provide detail on what can be expected from each of the plans.

Commissioner Distler explained that he believes that there is no solution to WSF's finance issues without significant state money. All of the studies and surveys as well as the Long-Range Plan were supposed to come up with a sustainable solution, and sustainable to him means adequate service, however you define that, and balanced books.

Chair O'Neal emphasized that there should be enough information from the studies to provide the Legislature with an adequate look at funding issues if it's presented correctly.

Mr. Deardorf provided an overview of proposed vessel procurement, vessel renovations and route changes and how these apply to both Plan A and B.

Commissioners' expressed numerous concerns with both Plan A and B revenue and ridership capacity.

Commissioner Hill asked how the public feels about Plans A and B.

David Moseley, Assistant Secretary, Ferries Division, WSDOT, explained that Plan A is barely acceptable and Plan B is seen as a threat to people's economic investments. A third theme is that there is a very strong feeling that the state does not consider the ferry system as a part of the highway system. As an example, more than one person has expressed that the state would never consider reducing SR 520 to two lanes. That's the perception when a boat is taken away from a route.

Commissioner Ford expressed that communities have come to depend on this system and to pull the rug out from under them is not very good public policy.

Commissioner Forner asked if the ferry system is part of the highway system, and we receive a lot of federal dollars for the highway system, but the capital project of the ferry system says that ferries have to be built in Washington, which eliminates the possibility of receiving federal dollars. Has the Legislature been asked why this is not a level playing field.

Mr. Moseley responded that this is one area of distinction and he believes that there is a lot of federal money coming into the state highway system and there has not been a lot of federal money coming into our ferry system, and therefore a policy like that could be made without loss in the ferry system, whereas it would make a huge loss to the highway system. With federal stimulus money coming in this may be rethought.

Mr. Hodgins explained that ESHB 2358 calls for WSF and the Commission to make a joint recommendation regarding proposed adaptive management strategies for both operational and pricing. There are over 90 individual operating strategies identified that were determined to be potentially beneficial to either manage demand or increase operating efficiencies. A few big ideas were pulled from the list and a plan was built;

- 1.) Transit enhancements to improve walk-on utilization.
- 2.) Reservations for vehicles to level demand and reduce community impacts from queuing.
- 3.) Pricing strategies to manage demand.

These are not the only recommendations that will be presented to the Legislature. There is a much larger list of potential strategies that over time WSF may need to pull from the tool box. Reservations are a critical element of either plan because it allows WSF to deliver a high level of service with the smallest possible terminal facilities. In order to do that a very high percentage of capacity will need to be reserved in peak periods – up to 90 percent. There is flexibility to design the reservation system and develop policies that would recognize the unique nature of the traffic in a route or corridor, and to allocate spaces on boats that target different markets segments. Policies that recognize and balance the unique travel characteristics and ridership mix at the route-level – portions of each sailing can be targeted to particular customer types. With reservations there will be a limited number of standby spaces – once standby space is full, no more traffic will be accepted at the terminal. A key objective is to build customer satisfaction by rolling out the program gradually and ramp up to full deployment over a 10-year period (90 percent reservations in peak). Transit enhancements are a key element of the draft plan

Commissioner Ford emphasized that a few members of the Ferry Advisory Committees have said that fares need to be increased.

Mr. Moseley explained that the state doesn't even have enough money for a lot of the mega projects. The state needs to have partners to fund some of the projects.

Commissioner Distler emphasized that local communities do not want to raise fares. They realize that there's a problem, but they feel that they are entitled to ferry service.

Mr. Moseley noted that he is a little surprised the people are still a bit fearful of a reservation system. It's more than just change, which is a part of it, but WSF needs to do a better job of explaining how it works.

Chair O'Neal noted that the Ferry Survey indicated that users understand the system and he feels that a reservation system will not confuse them for very long.

Mr. Distler explained that he feels that telling riders "no" whether on a computer or at the terminals they will be equally unhappy. The reservation system solution guarantees that the unhappiness will grow as demand grows in excess of supply.

Mr. Hodgins explained that a number of different ways to improve transit connections and services around the terminals have been looked at. The plan includes proposed investments in a number of terminals that would focus on customer comfort issues. WSF can not do much about this, but they can work with transit partners to implement. Although there are some improvements that WSF can make at terminals to improve its customer's experience. Part of the plan focuses on fuel consumption strategies and various considerations for reduction. Fuel consumption is very dependant on speed and there are some opportunities to slow boats down, although a few sailings may be lost which would have a minimal impact on customers. The proposed pricing strategies included in the base assumption of the plan would include a 2.5 percent average annual fare increase, implementation of an automatic fuel surcharge to the fare structure and no fees charged for reservations. Other pricing considerations were a small car discount and three-tiered seasonal pricing. After implementation of a reservation system when demand management effects are understood time-of-day pricing would be considered and frequent user discount would be reviewed or modified. He wrapped up the presentation with an overview of proposed next steps.

The Draft Long-Range Plan in its entirety can be viewed by visiting WSDOT's website at: <http://www.wsdot.wa.gov/ferries/planning/ESHB2358.htm>

BURLINGTON NORTHERN SANTA FE (BNSF) ENVIRONMENTAL EFFORTS

Terry Finn, Director, Government Affairs, BNSF, shared that BNSF plays an important role in Washington's economy serving key ports and delivering a wide variety of consumer products to retailers and business across the country. He explained that the route over Stampede Pass is one of three major east/west routes in the state and it is currently out of service due to flood damage. It is unknown when the line will be restored to service or what the repair costs will be. It depends on where it ends up in the capital projects that BNSF faces. There are a whole lot of projects that have been caused by bad weather over the past year. Stampede Pass is not currently needed at this time because of the economy, but if business picks up again it will be necessary to use it in order to perform maintenance on other routes.

Jennifer Anderson, Manager, Environmental Operations, BNSF, explained that BNSF is proactive in the reduction of emissions to improve our environment. She noted that

inherently rail traffic is more efficient than truck traffic. One double stacked train would take approximately 280 trucks off the highway, trains are more fuel efficient, therefore there is up to three times reduction in NOx emissions when shipping by rail. Locomotives are regulated by the EPA and there are currently three tier levels with two more tiers proposed. Railroad future developments include various technologies that will aid in fuel savings and less emissions. BNSF continuously upgrades its fleet with the newest technology and the lowest emissions.

Commissioner Ford noted that expensive improvements to the locomotives provide cleaner air, but perhaps add little or no benefit to the bottom line of the company.

Mr. Finn responded that for one thing BNSF purchases up to 400 new locomotives each year. Each time a new locomotive is added to the fleet a little bit more fuel is saved. Old equipment is switched to a less capacity use. The fuel savings are very real and so the money that is being saved by the company is well worth the investment in new stock.

Ms. Anderson provided an overview of the process where older locomotives are cascaded down into lower use operations as new ones are purchased, therefore railroads are achieving large reductions in emissions. BNSF is currently working with the Department of Defense and Vehicle Projects LLC to develop a switch locomotive powered by hydrogen cell. This type of locomotive is not dependent on oil fuel and it also serves as mobile backup power sources. Another thing that BNSF is pursuing is a diesel particulate filter. This is a retrofit that goes on older locomotives and is being tested for maintainability and durability. Data is being collected to determine if this application will be pursued in the future. Railroads in general are achieving large reductions in emissions and as technology continues to grow BNSF continues to reduce emissions voluntarily to achieve the best results most economically.

PUBLIC COMMENT

No public available for comment.

WSDOT ENVIRONMENTAL MITIGATION EFFORTS

Megan White, Director, Environmental Services, WSDOT, explained that WSDOT has a regulatory and environmental obligation to protect our ecosystem's function and beneficial use of receiving waters. This in turn preserves citizen's health and safety as well as protecting ESA species and the Puget Sound. Stormwater treatment is controlling the runoff flow and treating the pollutants. WSDOT uses a number of approaches to manage stormwater that include; structural features, maintenance operations, vegetation management practices and staff training to control stormwater and prevent pollution. There are over 2 thousand stormwater treatment systems in the state and on an average 2 hundred new systems are added each year. Although stormwater ponds and bioswales make up a majority of existing stormwater facilities there are nearly 2 hundred dry wells installed; over 100 vegetated filter strips and nearly 75 media filter drains have been installed. There are nearly 70 vaults constructed; nearly 50 natural dispersion areas designated and nearly 50 infiltration trenches have been used. In 1995 NPDES permit required that WSDOT monitor treatment facility effectiveness and the new permit will likely require that highway runoff, rest areas, maintenance facilities and ferry terminals be monitored. A big problem is sediment from highways, toxicity and system effectiveness/performance. WSDOT is interested in some advances in Stormwater management and have been able to make some progress. One technique that WSDOT uses is wetland mitigation banks. This is a large area that is set aside to satisfy environmental requires for several projects, not just one.

Commissioner Ford asked if there has been any advancement in highway runoff.

Ms. White responded that there is a media filter drain. It's similar to a septic drain field with the exception that it has media that is intended to absorb the pollutant in stormwater as it infiltrates. The key is trying to get water to infiltrate, because soil has very adsorptive capabilities and in some cases a media is better at absorbing than soil when it is constructed around drainpipes to get the water into the soil to absorb the pollutants. She wrapped up the presentation with a brief question and answer period with Commissioners.

OVERVIEW OF GOVERNOR'S TRANSPORTATION BUDGET

Robin Rettew, Senior Budget Assistant, Office of Financial Management, explained that today's presentation has been provided to the House and the Senate. The Attainment Report has a lot of the data that is included in the Washington Transportation Plan that ties to the five legislative mandate goals. Transportation is very pervasive and touches people's lives in many different ways. She noted that Washington's population is 6.4 million and 4.8 million are licensed drivers driving over 56 billion miles per year, so it's not surprising that cars and highways are the predominate focus for the public. There are over 23.3 million passenger carried on ferries, 630 thousand Amtrak passengers (16 % growth), there are 16 state owned airports, but the state subsidizes 140 public use airports, 75 port districts with \$150 billion of cargo passing through them each year and 28 transit districts. The five legislatively directed transportation goals are not in any priority, although the Governor has stressed safety as the highest priority with congestion following up. The majority of factors that cause congestion are unpredictable, non-recurrent congestion accounts for 55 percent of all delays in our system. Traffic accidents alone are responsible for at least 25 percent of all congestion.

Bottlenecks, where heavy traffic causes daily backups, account for 40 percent of all congestion. The executive and legislative branches and WSDOT have all been working towards three different approaches for addressing congestion:

- Adding strategic capacity improvements to eliminate bottlenecks.
- Operating the system more efficiently by using ramp meters, cameras and express lanes.
- Manage demand by using HOT lanes, increased transit and vanpools.

Examples of how congestion is addressed in the Governor's 2009-11 budget are: Vanpool expansion; park-and-ride lot expansion; traffic management centers; real-time traffic information; HOT lanes; automation of reversible lanes on I-5 and I-90 and completion of ramp meter network on i-5 between Federal Way and downtown Seattle. More success is indicated by the quick clearance of highway incidents.

Commissioner Distler noted that WSF maintains a separate TMC. He questioned if there will be a move to integrate parts of that with the Northwest Region's TMC. WSF sends out notifications on highways that lead to its terminals and in some cases the information is duplicated by the TMC.

Ms. Rettew indicted that there are three safety approaches taken where traffic fatalities are a primary focus when impairment is involved. Other enhancements that are low-cost are de-icers; re-striping, signal synchronization; guard rails and rumble strips and then more expensive are engineering solutions.

Chair O'Neal expressed his support of electronic speed signs as a safety measure.

Ms. Rettew noted that there is more demand than there are resources. The mid-range Rail Plan and WSF Long-Term Plan and highways all have shortfalls at a time when resources are constrained.

Commissioner Ford emphasized that it's very important for the Legislature and the State Treasurer to look at bonding and see what we are getting into during these tough times.

Ms. Rettew explained that during the budget development process a criteria was used to determine which projects to push out. Although the criteria was developed when gas prices were at a high no projects were taken off the list, but some of them were pushed out a biennium and some up to six years.

Commissioner Distler expressed concern with the SR 522/Snohomish River Bridge to US 2 – add lanes project being pushed out because of safety reasons.

Ms. Rettew responded that she would get back to Commissioner Distler with more detail. She moved on to provide a brief overview of appropriations for the Department of Licensing, WSP and state support to local government.

Commissioner Ford emphasized that locals should be coming to the table and contributing. Jennifer Ziegler, Executive Policy Analyst, Office of the Governor, shared that in terms of mega projects conversations the locals are coming to the table, especially on the Alaskan Way Viaduct Project.

Ms. Rettew noted that the Governor supported additional funding of \$16.8 million to WSDOT to address the costs of the highway maintenance backlog. She moved on to provide a brief overview of funding for the ferry system. In closing she touched briefly on the WSDOT Rail Program and Public Transportation funding.

PUGET SOUND PARTNERSHIP ACTION AGENDA

David Dicks, Executive Director, Puget Sound Partnership, explained that in 2007 Governor Gregoire proposed and the Legislature created the Partnership to reverse Puget Sound's decline and restore it to health by 2020. The Partnership has just completed its 2020 action agenda, which was charged by the Legislature. This restorative work was to be done by coordinating the many existing cleanup efforts, while holding all levels of government agencies accountable for their part of that work, and at the same time, maintaining the prosperity of the region. The action agenda outlines the immediate and long-term actions necessary to restore and protect Puget Sound. Thanks to thousands of people, scientists and citizens in the Puget Sound an understanding of the problem was formed and solutions put forward. The action agenda was based around four fundamental questions: what is a healthy Puget Sound; what is the status of Puget Sound and what are the biggest threats to it; what actions should be taken that will move us from where we are today to a healthy Puget Sound by 2020 and where should we start?

Defining a healthy system is difficult. The Partnership has been working with regional scientists to link goals to specific measures of our ecosystems health. Scientists and community leaders agree that the alteration and loss of habitat and ongoing input of pollution are the top two immediate and pervasive threats facing the Puget Sound. The action agenda created five strategic priorities, along with associated actions to address the major threats to the ecosystem's health:

Priority A: Protect the intact ecosystem processes, structures, and functions that sustain Puget Sound. Avoiding problems before they occur is the best and most cost-effective approach to ecosystem health.

Priority B: Restore the ecosystem processes, structures, and functions that sustain Puget Sound. Protecting what we have left is not sufficient, and significant effort at an unprecedented scale is needed to undo past damage.

Priority C: Prevent water pollution at its source. Many of our efforts have focused on cleaning up degraded waters and sediments, but insufficient resources have been devoted to stopping pollutants before they reach our rivers, beaches, and species.

Priority D: Work together as a coordinated system to ensure that activities and funding are focused on the most urgent and important problems facing the region. Many of the programs and laws now used to regulate or support activities in Puget Sound were established on a piecemeal basis to address individual problems. Strategies that will help to address problems more effectively at an ecosystem scale include improved coordination of land use planning, water supply, ecosystem protection, transportation, and species recovery plans. The Action Agenda calls for the reform of environmental regulatory programs as well as improvements to the capacity of local partners to implement actions and compliance efforts across Puget Sound.

Priority E: Build an implementation, monitoring, and accountability management system.

This includes:

- Using a performance management system with adaptive management and clear pathways for decision making, coordinated monitoring, accountability for action, and coordinated data management;
- Providing sufficient, stable funding focused on priority actions; • Implementing a focused scientific program with priorities for research, and developing appropriate measures to improve understanding of the ecosystem and the effectiveness of our actions; and;
- Increasing and sustaining coordinated efforts for communication, outreach and education.

The region is growing fast and changing quickly. We can help accommodate this growth through: projects, regulations, and incentives to better protect intact areas; focusing growth in urban areas; conserving freshwater resources; and protecting working farms and forests. The private sector must be engaged in finding practical solutions. Many businesses are already taking stewardship actions.

Commissioner's asked questions regarding strategy and the potential connection between bordering states.

Mr. Dicks explained that in the case of Puget Sound there are no bordering states' involved, but because a part of the sound borders on Canada the partnership is working with its Canadian counterpart.

Secretary Hammond emphasized that WSDOT spends a lot of money on stormwater runoff control and environmental investments, because of the impacts of the highways, where the watershed approach can be used in mitigation that translates to real investments that assist the Partnership effort that's all the better. The quicker regulatory agencies are on board and working with the Partnership all the better than each agency going it alone. If a culture or ethic is set now for future transportation project permitting and mitigation it's the way to go from transportation's standpoint.

Commissioner Distler commented that local permitting creates huge frustrations.

Secretary Hammond noted that if local government has a good model to follow it will adopt or try to adapt at the state level.

Mr. Dicks stressed that as part of the Partnership's exercise it will take a close look at watershed protection. He emphasized that most project mitigation is 20-30 percent effective, so that means that every time a permit is issued that involves mitigation there is a 60-80 percent loss of the function that we are hoping to replace. We can not continue to be permit projects under this scenario and hope to restore and recover Puget Sound. As we push forward hopefully we can get this going at least on some big projects and see that it works, maybe it will significantly change the way we do business. He moved on to explain another focus of the Partnership is to restore key areas around the Puget Sound that can recreate ecosystem function. As an example the Nisqually Delta Project has been a 20-year process in restoring the watershed. This project will increase the amount of estuary habitat in Puget Sound by 50 percent. The other big restoration project is the removal of two dams on the Elwha River. These big projects make a significant difference in the Puget Sound ecosystem. The Puget Sound Partnership Action Agenda can be found at:

http://www.psp.wa.gov/aa_action_agenda.php

REVIEW COMMISSION ANNUAL REPORT

Paul Parker, Senior Policy Analyst, WSTC, presented the Commission's Draft 2008 Annual Report for approval.

It was moved by Commissioner Ford and seconded by Commissioner Hill to approve the final draft of the 2008 Annual Report as amended. The motion passed unanimously.

TACOMA NARROWS BRIDGE TOLL SETTING WORK SESSION

Craig Stone, Urban Corridors Administrator, WSDOT, opened the presentation noting that the TNB has now been open for 18 months and today's presentation will focus on the toll rate setting process.

Ted Trepanier, State Traffic Engineer & Co-Director Maintenance & Operations, WSDOT, explained that through the Citizen Advisory Committee (CAC) process the Department has presented requested materials to the CAC and the Commission regarding the toll setting process. This did not work well, because citizens felt left out of the process. One of the lessons learned is that public awareness and an understanding of the cash flow and financial reports was lacking. This year all of this information will be posted on the Good To Go webpage, so that the public can see the actual month-to-month cash flow and what the financial plan looks like going forward. He explained that 96 percent of Gig Harbor households have a Good To Go account and nearly 70 percent of the bridge users used electronic toll lanes. More than 20.8 million transactions and almost \$51.7 million in revenue collected. The violation rate is averaging around 2.2 percent for the past year, which is a very low average nationally.

Commissioner Ford expressed his concerns regarding the decline in traffic.

Mr. Trepanier noted that projections are very close to actual. As far as what kind of reserve this establishes moving forward will be addressed in the financial plan. Some of the decline in traffic is due to weather events in December. The variance in revenue income increase is due to the toll increase in July 2008. The tolls increased from \$1.75 to \$2.75 and \$3 to \$4 on July 1, 2008.

Commissioner Distler asked if the reported revenue versus projected revenue were up then on what toll amount was that based on?

Mr. Trepanier responded that the projections match the toll rate that is being used.

Commissioner Distler asked how the traffic count could decline and the revenue increase if the ETC use is higher than expected. That would be okay for the first year because of the ETC success, but the FY 2009 forecast incorporates that ETC success. It doesn't make sense that the traffic count was 3 percent below and about 2 percent above in revenue.

Mr. Trepanier speculated that it could have been expected that there would be more of a shift to the ETC than what was experienced. It is surprising that the use of the ETC didn't really change all that much with the rate increase. The higher revenue is because more people are paying cash than what was projected.

Commissioner Ford asked for a report of the ETC versus cash revenues.

Ron Landon, Program Manager, Olympic Region, WSDOT, spoke briefly about the remaining capital work associated with the bridge project that needs to be done. Apparently the CAC discussed this and some of the members were a bit surprised to find out that building is still occurring with funding from the bond sale revenue. Firstly, the Olympic Region's role on the TNB project was for the oversight and design construction of the bridge, the roadway work and in addition to that the toll collection system acceptance testing before it was turned over to the Tolling Operations Office. This project was very long and with any project this size and complexity and length there are going to be changes and improvements that are developed along the way. During the life of the project the scope was changed to include the east bound on ramp at 24th Street on the Gig Harbor side of the bridge. In order to use this on ramp you must have a transponder. The original configuration of the bridge had three lanes of traffic, but there are in fact four lanes and there is a drop lane as soon as you cross the bridge. SR 16 was widened so that when you get on at Pearl Street in Tacoma and head towards Gig Harbor merging is not required across lanes. He referred to a chart that illustrated planned work or work to be completed that included: noise mitigation, local agency issues (cost to city of Gig Harbor for local improvements and widen shoulders to accommodate bicycles and pedestrians), and median barriers at bridge ends. There is work that Tacoma Narrows Constructors (TNC) did not perform such as paving at the anchorages; emergency phones on the old bridge and an overhaul of the electrical system (this was due to a change order because the old wiring was not compatible with the new phones); maintenance fuel station modifications and welding shop and aviation lights.

Reema Griffith, Executive Director, WSTC, noted that as she understood it the bonding and appropriation was to be used on the new bridge only. She questioned if it is within the legal confines of the project to pay for work using toll revenue on the old bridge.

Mr. Landon responded that replacement of the phones was within the scope of the TNC contract. He noted that there was a seismic upgrade to the old structure that was not paid out of tolls, but the old bridge was repaved as part of the contract. He noted that this issue can be looked at a bit closer.

Commissioner Distler emphasized that the new bridge is covered by the tolls not the work on the old bridge. If the scope of the project is different than the scope of the portion of the project payable by tolls, irrespective of who did the work, it either is or is not in the amount of money payable by tolls.

Commissioner Ford reminded that \$50 million tax dollars went into the bridge, so perhaps that was seen as dollars that could be used on either bridge.

Ms. Griffith iterated that these projects are being paid for by tolls.

Mr. Landon moved on to finish up the capital improvements presentation noting that project work included security systems (Homeland Security) and other miscellaneous items.

Commissioner Ford requested that the Department present the Commission with actual expenses being charged to the toll account.

Chair O'Neal requested that the Commission's assistant attorney general take a look at the TNC contract and the laws pertaining to the TNB toll revenue.

Jeff Caldwell, Assistant Director, Financial Planning, Budget and Financial Analysis, WSDOT, explained that the current financial plan and what has been experienced compared to the 2002 preconstruction plan. He explained the sources and uses of funds and balances for the January 2009 financial plan as compared to the 2002 preconstruction plan. The current plan has less cost associated with it than the 2002 plan.

Commissioner Ford noted that according to the draft financial plan there will be a deficit of about \$2.6 million on the operations side in 2010 and roughly \$3.2 the next year. So, in that biennium the proposal spends somewhere in the range of \$5.8 million more than what is taken in from tolls. Is that correct?

Mr. Caldwell responded that's correct.

Commissioner Ford noted that this deficit is supposed to be covered with reserves, and if so where does the reserve come from.

Mr. Caldwell responded that it is an accumulation of previous tolls when the account was in the positive.

Commissioner Ford expressed that the theory is there will be over \$8 million in the operations account.

Amy Arnis, Assistant Director, Strategic Planning and Finance Division, WSDOT, explained that the numbers are not available for estimated debt service in 2011-13. The debt service in 2010 is \$34.9 million.

Commissioner Distler explained that he is nervous about this because the CAC's recommendation is based on eight months of forecast for this year, and in effect what it says is that we will be able to tell the people in 2011 that their toll rate has gone up by 45 percent. That's the 70 percent users who use ETC. This will probably not pass muster. His concern is that two risks are being taken. The first is that this would base the ending balance and therefore the ability to finance the recommendation that nothing is done on eight months of forecast and the second concern is that it assumes that one year from now we will raise the ETC by \$1.25 divided by \$2.75 which is about 45 percent. If we don't we will be in trouble.

Chair O'Neal noted that there is no restraint on increasing the toll.

Commissioner Distler emphasized that he does not understand why the Commission would take either risk.

Commissioner Ford agreed with Commissioner Distler.

Ms. Arnis explained that when the budget is passed by the Legislature the assumptions made are based on forecasts of revenues that will come in during the course of the biennium that the budget is written against. What is being done here is very similar to a legislative process. The Commission is basing its decision on what it knows, what has happened and what the projections are going forward. If the projections don't come in from the revenue side the question is how far can that revenue drop and still meet the expenditures that are on paper. The only thing we know almost for certain is if we never issued another bond our debt service is going to be what you see on paper. The \$34 and \$44 million are a known fact. Everything else on the expense side is a projection of a budget going forward. On the

expenses, aside from debt service, the numbers are based on the Department's budget proposals that are with the Legislature right now. When the legislative session ends we will know whether they said "yes" or "no" to this budgeted amount of expense. We will then have to lay that into this plan and by then we will have had 4-6 months more of actual revenue collections to determine if the revenue is still tracking with the forecast. There will be changes on both sides of the ledger as we move forward.

Commissioner Distler expressed that the toll setting process does not allow us to be as flexible in dealing with variances to forecasts as it would be in a normal business situation. The Commission is being asked for consideration today and make a decision in February that today's tolls will cover a period that begins four months later and runs for 12 months, so the Commission is in effect banking on the ability of previous successes to cover the gap in the event that the balance is negative. The most bothersome thing is that the CAC will be able to get past the public and come to the Commission with a recommendation that Gig Harbor residents will pay a 45 percent toll increase next year. This is a concern.

Ms. Arnis responded that the financial plan does put forth the CAC's recommendation for 2010, but it does assume that the toll will be raised to the \$4/4.

Chair O'Neal noted that he has attended the CAC meetings and Mr. Trepanier had through the projects and showed how consistent they tracked with the actual revenue. He pointed out that today the numbers are still tracking very well. The revenue is of great concern and right now it appears that it will be there. There was a decline in December and there will probably be another one in January. The CAC looked at the information that was available at the time, which was through October and everything looked very consistent. When you look at the debt service reserve it looks like it will be 13.6 percent above if the actual revenue continues to track with the projections. On that basis the CAC made the proposal, and it is just a proposal, it's not concrete and the Commission can do whatever it wants with it. The CAC debated this and determined that it is probable that the toll would have to increase substantially next year. Two of the CAC members expressed reservations and one member voted against the proposal because they felt there would not be enough of a cushion and/or require a large increase in the toll. It was the same debate that the Commission is having today and it's a matter of judgment as to which direction is taken.

Ms. Arnis noted that she is counting on the program doing a good job and bringing the expenses in as estimated in the plan. Both the revenue and expenditures are moving and there is evidence that the traffic and revenue forecasts are tracking. The question is will the ledger move in a bad direction both ways. If both occur it will start to eat into the projected ending balance rather quickly in 2010. Every time this happens it puts pressure on the ending balance in 2011. If the Commission proceeds with approval of the CAC's recommendation today it is recognized that the decision is based on what is known today and there will be at least a \$4/4 toll setting in 2011. If during the course of implementing in 2010 there is pressure on the revenue side the law does not preclude the Commission from beginning a toll setting discussion sooner. She explained that fiscal year 2009 data will not be available until November or December of 2009.

Mr. Trepanier explained that the January data should be available for consideration in mid-February.

Ms. Arnis noted that the CAC discussed whether or not violation revenues should appear in the financial plan. The Department's practice is to estimate and include all known revenue

sources. For financial planning purposes it was assumed that there would be some level of violation revenue coming into the account. For the purposes of this plan the Department anticipates the payback of the \$5.2 million based on the Governor's budget. If in fact it is paid back then the Department will begin plans to make the transfer in the second year.

Commissioner Ford asked if the \$5.2 million is in fact due for payback based on the Governor's budget in this biennium.

Ms. Arnis responded "yes" the \$5.2 million is in the transfer section of the Governor's budget proposal and in the financial plan.

Commissioner Ford expressed that even though the CAC has done an excellent job he still has reservations. If a quarter were added to the ETC what would that look like?

Mr. Landon explained that the three toll rate scenarios each have different options that provide choices based on the inclusion or exclusion of violation revenues.

Commissioner Ford expressed that he feels there should be a larger reserve because so many different things can go wrong. A cushion should be there in order to avoid raising the toll to drastically sooner than expected. If the toll increases to \$4/4 this means that there will be no advantage to using the ETC. A modest differential should be kept between cash and ETC. The CAC proposal is too skinny and it does not provide any leverage. Having to raise tolls twice in one year is not a good idea.

Ms. Griffith noted that the financial plan assumes payback of the \$5.3 million at the end of the biennium. Worst case scenario is that the payback would have to occur in 2010.

Ms. Arnis emphasized that unless it is directed in a budget document that the payback must be made in two years the Department would continue to watch the account and if it was determined that the account could withstand half the transfer in the first year the Department would have made it. If it's determined that an account cannot withstand the transfer it would be retimed – this is done all the time to make sure there is a consistent positive cash balance in all accounts. Without this discussion and without a written proviso in the budget the Department would watch the account and if the account revenues could not withstand the transfer it would have been pushed into the second year anyway to give the Commission the opportunity to see what is occurring, so that it could take the information into account in the toll setting conversation for 2011.

Commissioner Moser noted that given that logic if the \$5.2 million were split then part of that might be taken in 2010 and then the debt service reserve would be decreased by half that amount.

Commissioner Forner asked what the original bond amount was.

Ms. Arnis responded that the original allocation of bond proceeds was \$800 million, but all that debt was not issued. In order to support the capital construction of the plan all but \$1.5 million has been issued for the project. All but a very tiny amount of debt service is still an estimate.

Commissioner Forner noted that there are fixed costs that have to be paid. The \$5.2 million and the deferred tax must be paid. The flexible part is the maintenance and operations costs of the bridge and the rest are fixed costs.

Commissioner Hill expressed that she shares Commissioner Distler's concern about a 45 percent toll increase. She noted that she is curious what it will look like in 2011 if there is a minimal toll rate increase or no increase at all.

Mr. Landon responded that for FY 2011 if the toll were increased to \$3/4 the estimated revenue would be \$50.1 million and \$4/4 it would be \$60.8 million, so that would be a \$7 million shortfall.

Commissioner Ford emphasized that the Commission has a fiduciary duty to the state of Washington to make certain that the tolls are set at a level to meet the Legislature's expectation, but beyond that because of the Commission's fiduciary responsibility if the tolls are not set at levels that meet the needs of the bridge it will impact the state's relationship with lenders. There could be a penalty on future bond issues if the lenders feel that games are being played. He expressed his concern that traffic may have been overestimated for the last six months of FY 2008. The Commission does not want the reputation of having to do an emergency toll increase, because it wasn't done right the first time.

Chair O'Neal emphasized that this is a matter of judgment and the state Treasurer has not expressed any concern or caution. He noted that besides the fiduciary responsibility the Commission also has a responsibility to the users of the bridge. This has been recognized in the past and that's why the toll didn't start out higher in the beginning. The one thing that has to be very clear to the public is that the tolls must increase unless the Legislature decides to step in and use gas tax revenues to subsidize the toll. This is the only way to avoid increasing the toll and it clearly must increase by 2011 and beyond.

Grant Heap, WSDOT Records Office, explained the WAC filing timeline.

Ms. Griffith explained that the last date to file the WAC rule revision and still meet the July 1, 2009 implementation date would be to file the final CR 103 no later than May 29, 2009.

Commissioner Hill emphasized that there needs to be adequate time for public hearings.

Commissioner Forner emphasized that she would like to give it time so that the Legislature has an opportunity to make a decision regarding the pay back.

Chair O'Neal suggested that the consensus is to stay with the timeline for filing the CR 101 and moving the public meetings forward.

Ms. Griffith noted that the Commission would need to have an adoption hearing sometime before the end of May.

It was moved by Commissioner Distler and seconded by Commissioner Ford to authorize filing of the CR 101 immediately and file the CR 102 during the Commission's March meeting.

It was moved by Commissioner Moser and seconded by Commissioner Forner to amend the motion to defer action until additional monthly data is made available. Commissioner Moser's motion to amend the original motion passed 4 to 3. The amended motion was adopted by a vote of 6 to 1.

WSDOT MID-RANGE AMTRAK PLAN

Scott Witt, Director, State Rail Office, WSDOT, explained that per legislative mandate the Department has developed the mid-range plan for Amtrak Cascades that identifies specific steps to achieve additional service beyond current levels. This plan was created as an effort to reduce greenhouse gas emissions; increase transportation efficiency and relieve highway congestion; develop robust and resilient transportation systems; rethink the role of rail systems as a strategic investment and competing with needs for limited resources. The purpose of the plan options is to:

- Provide alternatives needed for policymakers in developing strategic investment policy.
- Assess potentials of rail as an alternative investment strategy rather than a niche market segment.
- Specify the steps of improving infrastructure to deliver additional intercity passenger service.
- Provide information of benefits and costs for informed decision making—legislative budgeting and prioritizing.

Option one has no capital investment for infrastructure improvements in the Mid-Range Plan period through 2017. It maintains current operations levels of Amtrak Cascades service, which essentially means stop the project right now without further investment or completion.

Option two achieves a minimal increase of additional service. It completes four capital projects already underway and sustains capital costs already invested.

Option three achieves additional service by best analyzing and matching supply and demand in a dynamic economy. It essentially meets the increased demand (forecasted ridership).

Option four maximizes engineering feasibility and is a viable option in that policy environment rail is promoted as part of the solution toward highway congestion relief, greenhouse gas reduction, public safety improvements and transportation resilience to disasters.

PUBLIC COMMENT

Randy Boss, citizen, shared his concerns regarding the toll setting process discussed today. He noted that he submitted a public records request to WSDOT in April 2008. To date he has received approximately half of the documents requested. When the bridge was built and the bonds were sold a \$50 million contingency fund was put in place to cover during construction of the bridge. Records indicate that \$ 26 million has been spent out of this fund. There is \$24 million that WSDOT has not accounted for. Today you heard that there were 11 bonds sold, when it was actually 10 sold for \$680 million. Now WSDOT is doing additional capital projects over and above the original specifications for the bridge. There is some \$9 million in additional capital projects that will be completed with bond sales and toll payers will pay for these. When does this end! Now there are errors that WSDOT made and that the toll payers are paying for those errors. It took almost a year to get WSDOT to recognize

the violation revenue. However, the performa that was put in front of the Commission today was only 45 percent of the violations that occurred in 2008. Pierce County Courts are backed up and have only been able to process 45 percent of the toll violations. The courts projection for 2009 is going to be \$1.2 million in toll violation revenue to the toll account, however WSDOT forecasts about \$550 k, which is almost 50 percent of the toll violations. When the bridge opening was delayed from April until July Tacoma Narrows Constructors had \$1.2 million in liquidated damages that were never credited to the account. However, the toll payers had to pay \$5.288 million in costs from April to July for the bridges operation. WSDOT failed to provide proof of where the bond interest and Good To Go interest was deposited into the 511 account (toll account). The toll payers are paying over \$500 k per year into the state commuter trip reduction act; \$602 K is sitting in an escrow account that WSDOT will not disclose information on. WSDOT says that it has cut staff to eleven people to provide over site of TransCore yet last year there were 290 people drew paychecks out of the toll account in the amount of \$2 million; however WSDOT will not provide employee names nor the department. WSDOT was holding \$5 million in a reserve account, but failed to tell the CAC about it, so the CAC was raising tolls to build a safety net when WSDOT had the money in an account already. The worst problem is that right now WSDOT staff does not have anyone that authorizes bill paid through the 511 account. This is the tip of the iceberg because no one is watching the 511 account. Put this scenario next to the performa today and you will find that there is plenty of money that needs to be accounted for before the toll payers are required to pay additional tolls to cover the project expenses. He suggested that the Commission continue to review the data and wait on the toll increase.

Chair O'Neal thanked Mr. Boss for his comments noting that the Commission is aware of his public records request.

Lloyd Flem, Executive Director, Rail Passenger Association, expressed that WSDOT's Amtrak presentation today was very good. He shared that he likes the mid-range plan and its definition of benefits. He noted that his organization supports Option 3 as the best reasonable direction to move towards.

COMMISSION BUSINESS

WSF In-Need Organization application-Vashon Interfaith Council on Homelessness

It was moved by Commissioner Ford to approve the Vashon Interfaith Council on Homelessness application. The motion passed unanimously.

Final Commission Platform

It was moved by Commissioner Moser and seconded by Commissioner Hill to approve the final Commission Platform. The motion passed unanimously.

Commissioner Distler expressed that future incoming chairman should continue to maintain a Commission platform and update it each June.

Ms. Griffith requested that the Commission reaffirm the appointments of Chair O'Neal and Commissioner Ford to the Puget Sound Regional Council's Executive Board and Transportation Policy Board.

It was moved by Commissioner Moser and seconded by Commissioner Hill to approve the appointments. The motion passed unanimously.

Ms. Griffith also noted that a Commissioner participates in the Eastside Partnership group and the South County Transportation Board. Commissioner Ford currently participates in the Eastside Partnership group. Commissioner Forner agreed to participate in the South County Transportation Board. Ms. Griffith will be an alternate for each.

Commissioner reports

Commissioner Ford shared information regarding the 520 project.

Commissioner Hill shared that she has been invited to participate in a group of Spokane leaders that was formed last year to take a look at transportation from funding to governance.

Commissioner Parker shared that he has attended the Columbia River Crossing meetings. He noted that it's interesting to watch the group discuss the different options.

Commissioner Forner shared that she attended the Wenatchee Valley RTPO meeting and shared the Commission's draft WTP timeline with the group, which they were very excited about.

Commissioner Moser shared that the Aviation Planning Council has two more meetings and is currently working on its draft report.

Commissioner Distler noted that during his overseas trip he noticed that in Hong Kong they have through tickets for trains and ferries.

2009 Legislative Session

Paul Parker, Senior Policy Analyst, WSTC, provided a brief overview of transportation related legislation.

The Commission meeting adjourned at 5 p.m., on January 14, 2009.

WASHINGTON STATE TRANSPORTATION COMMISSION

DAN O'NEAL, Chair

ELMIRA FORNER, Vice-Chair

PHILIP A. PARKER, Member

CAROL MOSER, Member

DICK FORD, Member

ROBERT S. DISTLER, Member

LATISHA HILL, Member

PAULA HAMMOND, Ex-Officio Member
Secretary of Transportation

JENNIFER ZIEGLER, Governor's Office

ATTEST:

REEMA GRIFFITH, Executive Director

DATE OF APPROVAL